

Message Text

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ACTION EB-07

INFO OCT-01 IO-13 ISO-00 EUR-12 AGRE-00 CEA-01 CIAE-00

COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04

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LIMITED OFFICIAL USE MTN GENEVA 8116

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TAGS: ETRD, MTN

SUBJ: AMB'S SPEECH: TRADE STRATEGIES FOR CANADA AND U.S.

REF: LEARY-HAMERSCHLAG TELCON - OCT 15

1. U.S. MTN DEL SUGGESTS FOLLOWING REVISIONS FOR AMB ENDERS
SPEECH:

A. DELETE STATEMENT RE LOWER CANADIAN TARIFFS MAKING U.S.
INVESTMENT IN CANADA LESS ATTRACTIVE. THIS ARGUMENT CAN BE
USED BY SOME CANADIANS, ESPECIALLY PROVINCIAL OFFICIALS TO
RESIST DEEP TARIFF CUTS.

B. REVISE SECTION ON TARIFF CUTTING FORMULA AS FOLLOWS:
INDICATE COMMUNITY PROPOSAL OF AVERAGE 32 PERCENT CUT CALCULATED
ON INDUSTRIAL TARIFFS ONLY. STATEMENT ON HARMONIZATION
IMPACT FOR CANADA IS INCORRECT SINCE CANADA HAS MANY RATES IN
15-20 PERCENT RANGE. BETTER TO STRESS THAT EC AND JAPAN PROPOSALS
WOULD DO LITTLE OR NOTHING ON LOW RATES WHERE MOST CANADIAN
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TRADE FALLS. YOU MAY ALSO POINT OUT THAT POTENTIAL CANADIAN

EXPORTS OF MORE ADVANCED PRODUCTS WOULD BENEFIT FROM CUTS IN RANGE OF 5-15 PERCENT WHICH U.S. FORMULA PROVIDES. ADD FOLLOWING ON JAPAN: THE JAPANESE TARIFF CUTTING FORMULA (LIKE THE EC'S) PLACES ITS EMPHASIS ON HARMONIZATION, ALTHOUGH IT REDUCES TARIFFS BY SLIGHTLY MORE OVER CERTAIN RANGES. IT HAS AN EXPLICIT FLOOR OF 5 PERCENT AND WOULD APPEAR LESS FAVORABLE TO CANADIAN EXPORT INTERESTS THAN THE OTHER FORMULAS SO FAR PROPOSED.

C. RATHER THAN RENEW THE DEBATE OVER WHO WON THE KR BATTLE, SUGGEST YOU SAY THAT CANADA WAS NOT A FORMULA COUNTRY AND AS RESULT MANY TARRIFFS OF INTEREST TO U.S. WERE NOT REDUCED OR WERE REDUCED ONLY SLIGHTLY.

D. RATHER THAN TALKING OF A SEPARATE LIST OF CUTS CANADA IS INTERESTED IN, PREFER YOU SAY WE ARE PREPARED TO APPLY U.S. DUTY ELIMINATION AUTHORITY AS APPROPRIATE. SUGGEST WE AVOID TERM LIKE "SELECTIVE APPLICATION".

E. DELETE STATEMENT ON APPROPRIATE BALANCE BETWEEN REGIONS AND SECTORS. THIS IS AN INTERNAL CANADIAN PROBLEM AND NOT A MATTER OF MTN BALANCING.

F. THE SUBJECT OF AGRICULTURE IS ALWAYS A BIT SENSITIVE AND WE HAVE TWO COMMENTS HERE. FIRST, WE WONDER IF IT MIGHT NOT BE BETTER TO SUBSTITUTE "UNPRODUCTIVE" FOR "STERILE". MORE SUBSTANTIVELY, WE QUESTION REVIVING THE LONDON GRAINS PROPOSAL AT THIS TIME SINCE, AS YOU KNOW, IT HS BEEN ALL BUT ABANDONED AND IT DOES NOT, AS I UNDERSTAND IT, CURRENTLY FIND POLITICAL FAVOR IN THE ADMINISTRATION. MOREOVER, THE PHRASE "BUT WE ARE READY TO INCLUDE ITS COMMERCIAL IMPLICATIONS IN THE GENEVA NEGOTIATIONS" MAY GIVE RISE TO ERRONEOUS IMPLICATIONS, AND I SUGGEST IT BE STRICKEN. FIRST, WE HAVE PREFERRED TO NEGOTIATE ON RESERVES IN LONDON RATHER THAN GENEVA (TO THE EXTENT WE ARE PREPARED TO NEGOTIATE RESERVES AT ALL) AND SECOND WE ARE NOT NOW PREPARED TO ADVANCE ANY COMMODITY ARRANGEMENT-TYPE PROPOSAL ON GRAINS IN THE MTN.

G. INSTEAD OF "A BROAD LINEAR CUT IS THE BEST ANTIDOTE", LIMITED OFFICIAL USE

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WE PREFER " A SUBSTANTIAL REDUCTION IN TARIFFS..."

H. ON THE SECTOR APPROACH, DELETE " AND WILL JOIN CANADA IN MAKING USE OF ITS POTENTIAL TO ACHIEVE BROAD TRADE LIBERALIZATION".

I. DELETE SENTENCE BEGINNING "U.S. HAS AUTHORITY TO DISCUSS SUPPLY ASSURANCES", AND REPLACE WITH "U.S. HAS

AUTHORITY TO DISCUSS SUPPLY ACCESS DISCIPLINES AND THE
RESULTS OF SUCH NEGOTIATIONS WILL BE TAKEN ACCOUNT
OF IN ASSESSING OVERALL RECIPROCITY IN THE MTN."
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